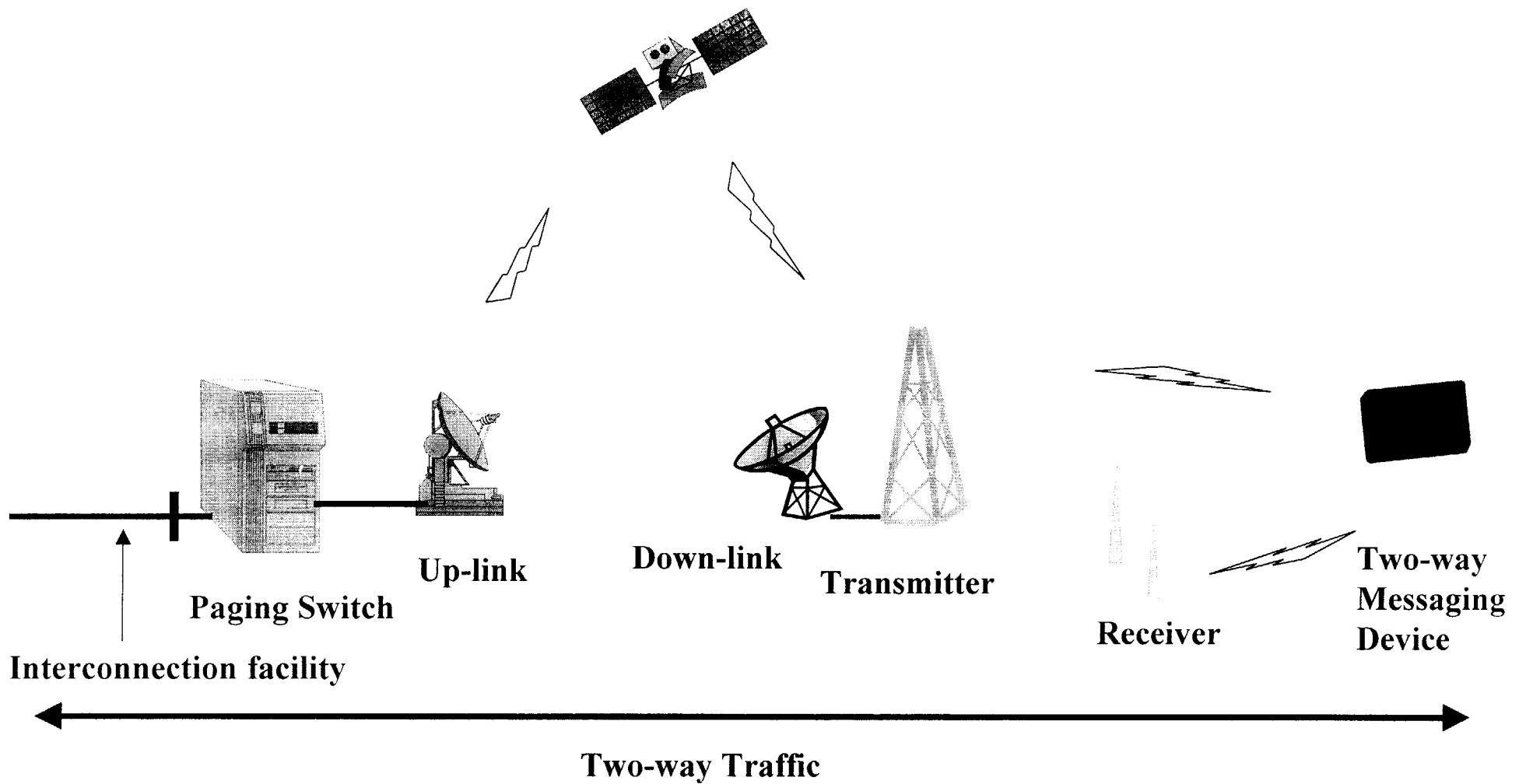
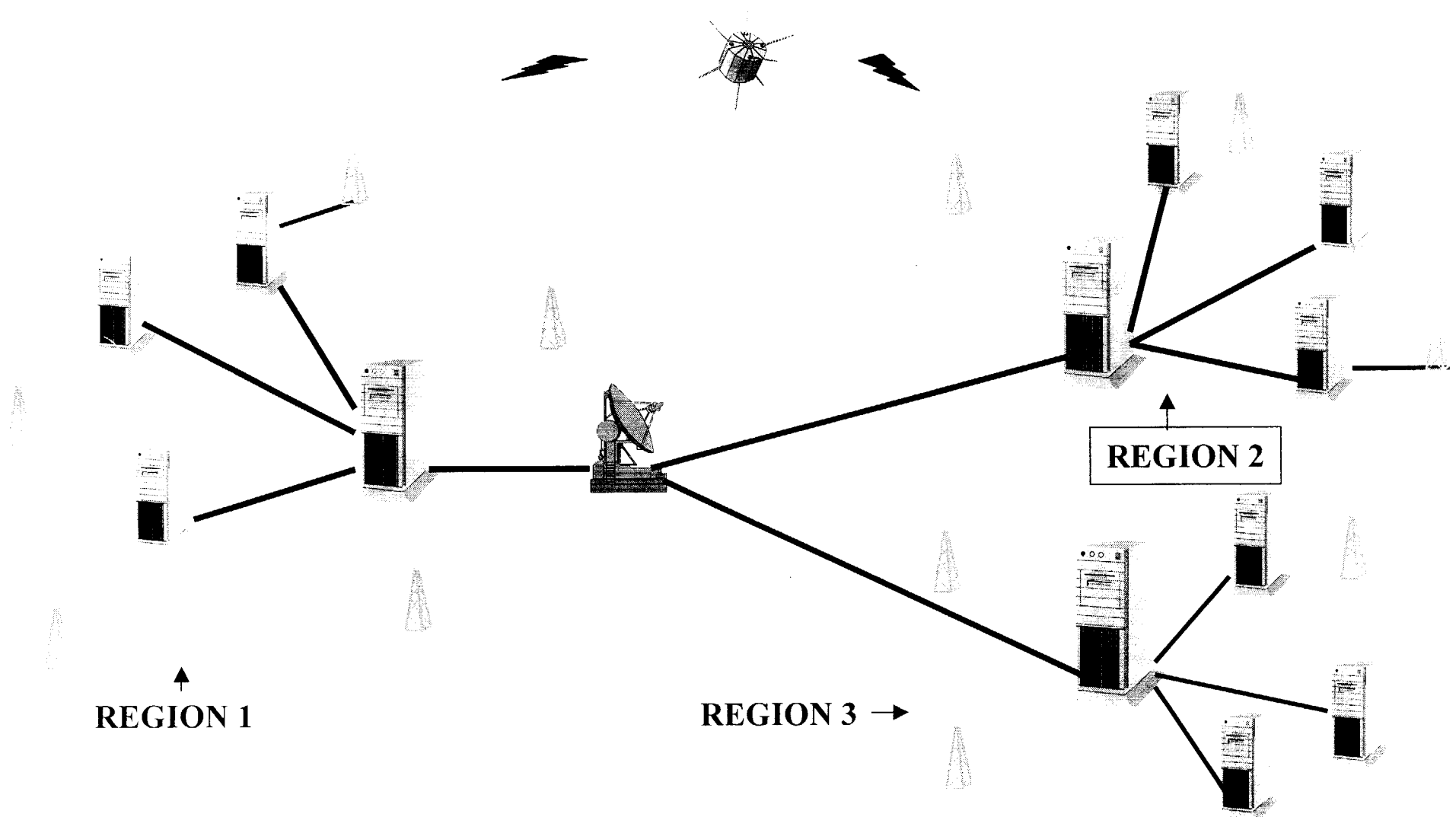


NARROWBAND PCS and/or TWO-WAY PAGING



WIDE AREA PAGING NETWORK

THREE REGION HUBBING ARRANGEMENT UTILIZING SATELLITE



**STATE AND FEDERAL REGULATION OF
PAGING CARRIERS: A SIDE BY SIDE
EVOLUTION**



PCIA
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**IN AT LEAST HALF OF THE STATES, PAGING CARRIERS
WERE REGULATED AS PUBLIC UTILITIES AND
“TELEPHONE CORPORATIONS” PRIOR TO 1993.**

- certificates of public convenience and necessity
- tariffs
- interconnect rights
- universal service obligations

The key was the fact that paging carriers “facilitate telecommunication by telephone, whether such communication is had with or without the use of transmission wires”. Calif. Public Utilities Code §§233, 1001.

**MOST STATES ALSO RECOGNIZED THE INTERCONNECT
RIGHTS OF PAGING CARRIERS WELL BEFORE RECENT
LEGISLATION.**

- In 1966, California upheld the right of paging carriers to non-discriminatory interconnection with other telephone corporations. 66 CPUC 202.
- In 1992, California reaffirmed paging interconnect rights. The CPUC found that in a Type-2 connection, “the RTU switch itself becomes an end office” and that the result is a net savings to calling parties. Decision 92-01-016.
- The Omnibus Budget Reconciliation Act of 1993 pre-empted state regulation over the entry of paging carriers into the marketplace, and the rates charged by them. It also reaffirmed their right to non-discriminatory interconnection with other telecommunications carriers.
- The Telecommunications Act of 1996 declared the basic right of a paging carriers to transport and termination compensation. Current FCC regulations leave the states with a significant role in enforcing this right.

**SO FAR, THREE STATES HAVE UPHELD THE BASIC
ENTITLEMENT OF PAGING CARRIERS TO
TRANSPORT/TERMINATION COMPENSATION UNDER
SECTION 251(b)(5) OF THE ACT.**

- MINNESOTA

- OREGON

- CALIFORNIA

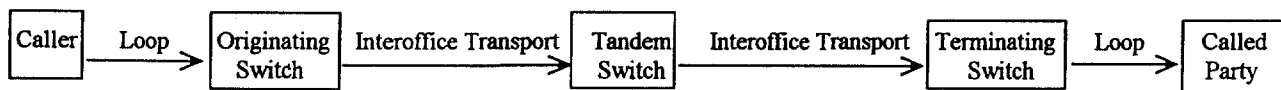
In all three states, the RBOCs continue to bill for facilities used exclusively to carry calls originated by them and terminated by paging carriers - including carriers which have invoked §§251-52 of the Act.

**THE CALIFORNIA DECISION IS THE FIRST TO APPROVE A
FULL DRESS TELRIC STUDY OF THE ADDITIONAL COSTS
OF TERMINATING LAND-TO-PAGER CALLS.**

- A paging terminal is the “equivalent of an end office switch”, as used by 47 C.F.R. §51.701(c) and (d).
- Paging carriers “pay no transport” for LEC-originated calls. If they do, “they should be reimbursed.”
- Pacific Bell testified to avoided costs of .49 cents for each land-to-pager call delivered on a Type-2 basis.
- Termination Compensation was established at .156 cents/paging call. This is net of a 26% discount for non-local and transited calls. Cook’s historic network costs are more than 4 cents per call.

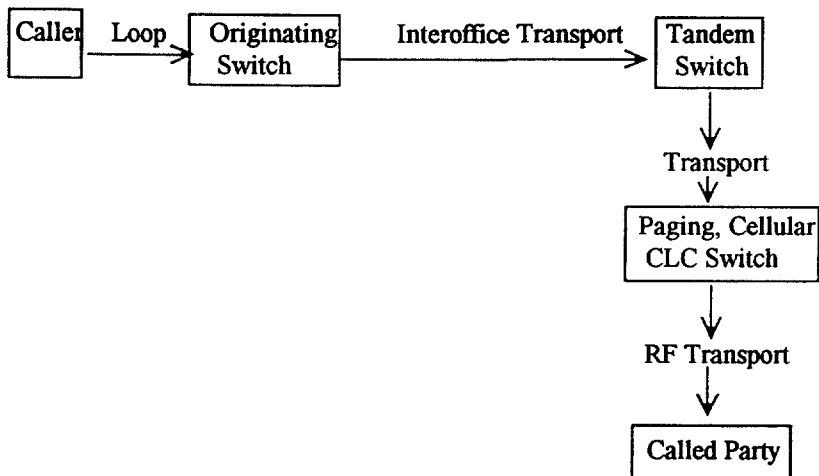
THE CALIFORNIA DECISION RECOGNIZES THAT THERE IS LITTLE, IF ANY, DISTINCTION BETWEEN LEC/PAGING AND OTHER FORMS OF LEC INTERCONNECTION.

Land-to-Land Call:



LEC costs are recovered by charges to caller.

Land-to-CMRS Call:



LEC still collects same charges from caller, but avoids significant transport and termination costs. Pacific Bell estimates its avoided costs at .49 cents/paging call.

CONCLUSIONS

- **On paging interconnect questions, the states continue to play a significant role.**
- **Those states which have thus far looked at the paging issue have agreed with the *First Report & Order*.**
- **The ultimate results of the first approved TELRIC study of paging interconnection are consistent with the Act and with the way the network now works.**

PCIA Paging Tutorial

April 22, 1998

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